



Honoured guests.

I will now present the report of the Board of Directors of Landsbankinn for the year 2025. Following this, Lilja Björk Einarsdóttir, CEO, will discuss in more detail the financial statements and operations of the past year.

When looking at the key figures for the Bank's operations in 2025, I would briefly like to highlight that the Bank's profit for the year amounted to ISK 38 billion, return on equity was 11.6%, and the cost-to-income ratio was 34.3%, which is considered very strong, both compared to domestic banks and banks in neighbouring countries.

The above result, combined with a solid capital position, enables the Bank to pay its shareholders a substantial dividend. Before this AGM lies a proposal from the Board of Directors that regular dividend payments for the year 2025 amount to a total of ISK 18.9 billion, or approximately 50% of the year's profit.

In addition, a special dividend payment of ISK 16.1 billion is proposed.

As stated in the annual financial statements, the Bank's risk-weighted asset base decreased following the implementation of the CRR III regulation, leading to a decrease in its capital ratio from 23.8% to 24.8%. In light of the Bank's strong capital position, the Board of Directors decided to propose a special dividend.

If the Board's dividend proposal is approved, total dividend payments in 2026 will amount to ISK 34.9 billion.

In connection with the dividend proposals, the Bank issued subordinated securities denominated in ISK that qualify as Additional Tier 1 capital. The purpose was to optimise the Bank's capital structure and thereby support profitability without limiting capacity for growth and increased activity. In my opinion, the past year marked a turning point when the Bank's credit rating from S&P was upgraded in April from the B to the A category, the first time an Icelandic bank has achieved this in nearly 20 years. Given the Bank's strong capital structure, it is my expectation that there is further potential for improvement in this area.

Distinguished guests,

The Bank's success is not measured solely by its strong financial performance over the past year. The number of customers continued to grow, the service range broadened and surveys show that customer satisfaction continues to rise.

This success is built on many factors, not least the fact that the Bank offers both accessible digital services and personal service across the country. The vast majority of customers attend to their banking through Landsbankinn's app, while also expecting access to personal advice.

The Bank's branches now number 34. A few years ago, there was a wave during which banks moved towards closing branches on a large scale. Landsbankinn joined that wave relatively late,



and now this trend appears to be subsiding in many countries. In fact, some banks, for example in the United States, have announced plans to increase the number of branches again to enhance proximity to their customers. It is important to keep in mind that Landsbankinn's branches not only serve their local communities; they are part of the Bank's overall service network. Staff at the branches provide services to customers regardless of location. This strengthens the branches, improves the Bank's service, and is, in my view, one of the most successful examples of effective remote work in Iceland.

Banks are rapidly evolving to take on the characteristics of tech companies. The Bank's investments in information technology have been substantial and enable it to adapt to change, offer innovations and push forward in meeting increasing competition in financial technology.

The Bank remains the most robust corporate bank in the country and recently began selling insurance in collaboration with TM. That service has experienced a strong start. This creates opportunities to leverage the Bank's extensive service network to provide comprehensive insurance and financial services for individuals and businesses.

Distinguished guests,

Landsbankinn's strong position is not a given. Domestic and international competition is steadily increasing, particularly in the corporate market, and there is reason to expect that foreign financial institutions and fintech will expand into the retail market in the coming years. Competition keeps us on our toes, and we do not fear it, but it is important that it takes place on a level playing field.

On the European mainland, capital requirements have been reduced for the first time since the global banking crisis and efforts are underway to simplify the regulatory framework at the European Central Bank. Similar developments are taking place in the United Kingdom and the United States. It is therefore natural to ensure that the regulatory framework and operating environment for banks in Iceland are fully aligned with what is seen in neighbouring countries, without compromising the resilience of the Icelandic financial system.

Earlier today, the Monetary Policy Committee of the Central Bank of Iceland decided to raise the policy rate to 7.5%, delaying the domestic rate-cutting process beyond what had been hoped.

Levels of uncertainty remain high in global financial markets and numerous familiar warning signs are visible to those who have long followed economic cycles. Last year saw a transformation in global trade alongside rapid technological changes that are leaving their mark on the world. For these reasons, assessing the value of companies and their risk has become more challenging. In recent months, several companies and funds on the fringes of the banking system have run into difficulties and in such cases are seldom isolated. At the same time, conflict in the Middle East adds to this picture and those who remember the impact of oil price increases in the 1970s and the stagnation that followed know that such developments do not always bode well, without this being a prediction of negative outcomes.

In Iceland, the financial system is on a solid footing and the position of households and businesses is strong in a historical context, despite high interest rate levels. The banking system



has the resilience to withstand potential external shocks, thanks to the systemic changes that have taken place in financial markets since 2008.

Finally, I would like to note that before the Annual General Meeting is a proposal to amend the Bank's Articles of Association, which entails reducing the number of board members from seven to five. This change is in line with developments in other areas of the Bank's operation. With these changes, Steinunn Thorsteinsdóttir will step down from the Board and Kristján Th. Davíðsson, who has been a principal member, will take the position of alternate member in place of Sigurður Jón Björnsson. I would like to sincerely thank Steinunn and Sigurður for their valuable contributions and we are pleased to continue benefiting from Kristján's expertise. I also extend my thanks to the other Board members, employees and management for a productive collaboration and strong performance over the past year. Finally, I thank shareholders and supervisory authorities for constructive relations.

Thank you.